

Memorandum



Date: (Second Reading 02-06-07)
December 19, 2006

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Agenda Item No. 7(I)

From: George M. Borges
County Manager

Subject: Ordinance Granting Enterprise Zone Ad Valorem Tax Exemption
Under Ordinance 96-74 for LEASA Industries Co., Inc.

RECOMMENDATION

It is recommended that the Board approves the attached ordinance granting Enterprise Zone Ad Valorem Tax Exemption to LEASA Industries Co., Inc., hereinafter referred to as "Business," pursuant to the provisions of Section 196.1995, Florida Statutes, and Miami-Dade County Ordinance 96-74.

BACKGROUND

On April 19, 1988, the Board enacted Ordinance No. 88-27, which authorized Enterprise Zone Ad Valorem Tax Exemption for new or expanding businesses, which invest in these zones. On May 21, 1996, the aforementioned ordinance was revised and enacted as Ordinance No. 96-74.

The Business has filed an application for Enterprise Zone Ad Valorem Tax Exemption for improvements made to its real properties and for acquisition of tangible personal property. The Property Appraiser reviewed the application and inspected the property to arrive at determinations of the appropriate exemption.

To be eligible for this exemption, a new or expanded business shall create a minimum of five new full-time jobs. If, on any given year of the 5-year exemption, 20 percent or more of a business' permanent full-time employees are residents of the Enterprise Zone, the exemption for that year will be 100 percent of the assessed value of all improvements to real property and 100 percent of the assessed value of all tangible personal property. In case the company cannot comply with the 20 percent residency requirement of their employees living within the Enterprise Zone, then the exemption for that year will be 50 percent of the assessed value of the improvements to real estate and improvements to tangible personal property.

Once the Board has granted approval, Miami-Dade's Office of Community and Economic Development (OCED) will monitor the firm's compliance during the life of the tax exemption.

State of Florida incentives available in the Enterprise Zone include jobs tax credit, property tax credit, community contribution tax credit, sales tax exemption on building materials and sales tax exemption on business equipment. The Business has indicated that the availability of these incentives was a contributing factor in its decision to expand in the Enterprise Zone.

Detailed information regarding the Business is provided below. The tax exemption is based on the estimated countywide and unincorporated municipal service area millage rates of 8.382 (5.935 and 2,447) for FY 2004-05, which is the year the Business became eligible for the tax abatement.

LEASA Industries Co., Inc.

Address: 2450 NW 76th Street, Miami, FL 33147

Community Redevelopment
Area (CRA): No

Business: Manufacturer and grower of nutritious products

Contact Person: Joe R. Munar (305) 696-0651

Employment: 31 New Employees

Basis for Application: Acquisition of Tangible Personal Property

Total New Investment \$85,000 Approximately

Exemption Eligibility: \$24,882 (real property)
\$55,223 (tangible personal property)

Estimated County \$208.00 (real property)
Tax Exemption Per Year: \$463.00 (tangible personal property)
Total: \$671.00

Period: 5 Years

ECONOMIC IMPACT ANALYSIS

If the full exemption was granted, the impact on the County budget would have been to reduce revenues by \$672.00 for FY 2004-05, based on the FY 2004-05 countywide and unincorporated municipal service area millage rates. The portion associated with improvements to real property (\$209.00), remains relatively constant for the duration of the exemption period. The portion which applies to tangible personal property (\$463.00) declines annually as the property is depreciates.

The impact of the exemption on the private sector is to reduce the applicant's operating costs by these amounts, which is intended as an incentive to invest and create jobs in the most distressed areas of Miami-Dade County. The Business has of 73 employees, of which 39 are residents of the Enterprise Zone. Exemption recipients are monitored annually for compliance with maintaining five new full-time job requirements. Businesses found not to be in compliance with maintaining five new full-time employees will lose their tax exemption.


ECONOMIC IMPACT ANALYSIS CHART

| Company | Exemption | Term | Total Jobs Existing | Projected New Jobs Since Investment | Projected EZ Jobs | Total New Investment |
|-----------------------------|-----------|--------|---------------------|-------------------------------------|-------------------|----------------------|
| LEASA Industries, Co., Inc. | \$671 | 5 Yrs. | 73 | 31 | 39 (53%) | \$85,000 |

The initial cost of processing the application is offset by a \$50 application fee, plus 10 percent of the first year's exemption. The public benefit of this project is the investment and job creation in Miami-Dade County's distressed areas. The additional payroll and economic activity generates other taxable activity. In addition, once the exemption period ends, the County will receive the increased taxes from the expanded business.

Please see attached revenue implication statement prepared by the Property Appraiser's Office for this project.

Attachments


Cynthia W. Curry
Senior Advisor to the County Manager



MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

DATE: February 6, 2007

FROM: Murray A. Greenberg
County Attorney

SUBJECT: Agenda Item No. 7(I)

Please note any items checked.

- ☐ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☐ No committee review

Approved _____ Mayor

Agenda Item No. 7(I)

Veto _____

02-06-07

Override _____

ORDINANCE NO. _____

ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM
TAX EXEMPTION TO LEASA INDUSTRIES CO., INC., AN
EXPANDED BUSINESS LOCATED IN THE ENTERPRISE ZONE;
PROVIDING SCOPE AND TERMS OF EXEMPTION;
PROVIDING SEVERABILITY, EFFECTIVE DATE AND
EXPIRATION DATE

WHEREAS, this Board recognizes the need to stimulate economic development in certain areas of Miami-Dade County which are economically depressed, where housing and structural conditions are blighted and deteriorated, and where unemployment and poverty are prevalent, said areas being designated "Enterprise Zones" as defined in Section 196.012 and Sections 290.004, Florida Statutes; and

WHEREAS, pursuant to Article VII, Section 3 of the Florida Constitution, the State has enacted Section 196.1995, Florida Statutes, providing a local government option for ad valorem tax exemption to new businesses and expansions of existing businesses in each such Enterprise Zone; and

WHEREAS, this Board authorized Enterprise Zone Ad Valorem Tax Exemptions to new businesses and for the expansion of existing businesses located in the Enterprise Zone through Ordinance No. 96-74, enacted on May 21, 1996; and

WHEREAS, this Board desires to encourage economic growth and development and alleviate the conditions of unemployment, economic disinvestments and poverty by creating new construction, new jobs and an enhanced business climate particularly for small or minority-owned businesses; and

WHEREAS, LEASA Industries Co., Inc., hereinafter referred to as "Business", located at 2450 NW 76th Street, Miami, FL 33147, within Enterprise Zone No. 1301 has made application for ad valorem tax exemptions; and

WHEREAS, the Business has committed to this Board that it will maintain a work force of at least five (5) employees of whom at least twenty percent (20%) must be residents of the Enterprise Zone; and

WHEREAS, this Board finds that the Business has tax bills which are current; and

WHEREAS, this Board finds that ad valorem tax exemption is appropriate and consistent with the public purpose to eliminate the serious and distressing economic conditions of the designated "Enterprise Zone" in Miami-Dade County; and

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. Legislative Intent and Findings of Public Purpose. The above recitations of legislative intent and findings of public purpose are fully incorporated herein as part of this ordinance.

Section 2. Eligibility Requirements. This Board finds the Business is an "expanded business" as defined in Section 196.012(16) (b) Florida Statutes (1991) and as defined in Miami-Dade Code Section 29-82(c), and after careful consideration of certain factors including those enumerated in Section 29-84(a) and (b) of the Miami-Dade County Code finds and determines the Business is eligible for ad valorem tax exemption.

Section 3. Granting the Exemption. This Board hereby grants ad valorem tax exemptions pursuant to Ordinance No. 96-74, enacted on May 21, 1996, to LEASA Industries Co., Inc. located at 2450 NW 76th Street, Miami, FL 33147, an "expanded business". The exemption shall be up to 100% of the eligible assessed value of the improvements to real property and the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements to real property and the eligible tangible personal property acquired and owned by the Business and located at 2450 NW 76th Street, Miami, FL 33147.

Section 4. Revenue Implications. The total amount of revenue available to the County from ad valorem tax sources for FY 2004-05 is \$875.9 million. The total amount of revenue foregone by the County for FY 2004-05 by virtue of Enterprise Zone Ad Valorem Tax Exemptions is \$833,458. The revenue foregone by the County attributable to the exemption of the Business named in the ordinance is estimated at \$208.00 for real property and \$463.00 for tangible personal property, based on the assessment by the Property Appraiser of Miami-Dade County.

Section 5. Duration and Expiration of the Tax Exemption. The duration of the Enterprise Zone Ad Valorem Tax Exemption granted to the Business is five (5) years. The tax exemption granted in this ordinance shall expire after the 2008 tax assessment rolls of Miami-Dade County. Notwithstanding the foregoing, the Business must file for a renewal of the exemption each year for which the exemption is sought. Failure to file a renewal with the Office of Community and Economic Development by March 1 of each year shall constitute a waiver of the exemption for the year.

Section 6. Scope of Exemptions. The property tax exemption authorized through this ordinance shall be up to 100% of the eligible assessed value of the improvements to real property and the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements to real property and the eligible tangible personal property made by or for the use of the Business. The exemption shall apply only to Miami-Dade County countywide operating millage and when applicable, the unincorporated municipal service area millage and shall not apply to taxes levied for payment of bonds or to taxes authorized by vote of the electors pursuant to Section 9(b) of Section 12, Article VII of the State Constitution. The exemption shall not be prolonged or extended by granting exemption from additional taxes or by virtue of any reorganization or sale of the Business receiving the exemption.

Section 7. Penalties. Non-compliance during the life of the tax exemptions unless expressly waived by the Board, with any of the eligibility requirements of Section 29-87 of the Miami-Dade County Code will nullify the tax exemption benefits granted through this ordinance and the Business shall be required to make payments of taxes exempted in addition to interest accrued from the date of non-compliance.

Section 8. Fee. The Business named in the ordinance will pay a \$50 application fee and a fee of 10% of the first year tax exemption to cover administrative expenses of Miami-Dade County in processing the application for tax exemption. The fee is non-refundable even if Miami-Dade County rescinds the tax exemptions due to non-compliance with eligibility requirements.

Section 9. Renewal Provisions. Enterprise Zone Ad Valorem Tax Exemptions granted through this ordinance can be renewed each year for the duration of the term of the exemption as indicated in Section 5 of this ordinance; however, the Business must re-apply to maintain the exemptions on or before March 1 of each year for which the renewal is sought. Failure to file a renewal by March 1 of every year with the Office of Community and Economic Development (OCED) shall constitute a waiver of the exemption for that year.

Section 10. Severability. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 11. Effective Date. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

Section 12. Sunset. This ordinance shall stand repealed five (5) years from its effective date.

PASSED AND ADOPTED:

Approved by County Attorney as
to form and legal sufficiency.




Prepared by:

Shannon D. Summerset

**Enterprise Zone Abatement
Property Tax Assessments/Revenue Implications**

Business Name: Leasa Industries Co Inc.
Address: 2450 N.W. 76th Street
Folio #: 30-3110-029-0040

Miami, FL. 33147
P.P. Folio # 12-518283

Estimate- 2004

1. Assessed Value of Improvements/Additions to:

| | |
|--------------------------------|------------------|
| (a) Real Property | <u>\$24,882</u> |
| (b) Tangible Personal Property | <u>\$199,332</u> |

2. Total Taxes Levied on Improvements and Additions to:

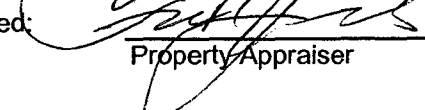
| | |
|--|----------------|
| (a) Real Property (excluding land) (Based on 2004 millages) | <u>\$539</u> |
| (l) County Operating | \$148 |
| (ii) Unincorporated Municipal Service Area | \$61 |
| (iii) Debt Service | \$7 |
| (v) All other property taxes | \$324 |
| (b) Tangible Personal Property (Based on 2004 millages) | <u>\$4,322</u> |
| (l) County Operating | \$1,183 |
| (ii) Unincorporated Municipal Service Area | \$488 |
| (iii) Debt Service | \$57 |
| (v) All other property taxes | \$2,594 |

Revenue Implications :

| | |
|--|----------------------|
| 3. Total property tax revenue for the current tax year from ad valorem taxes: | <u>\$875,969,005</u> |
| 4 Total revenue forgone for the current fiscal year by virtue of exemptions previously granted under this section: | <u>\$833,458</u> |
| 5. Total revenue forgone for the current fiscal year if exemption applied for is granted: R.E. : <u>\$209</u> P.P. : <u>\$463</u> | <u>\$671</u> |
| 6. Taxable value forgone if the exemption applied for were granted on: | <u>\$80,105</u> |
| (a) Improvement to Real Property | <u>\$24,882</u> |
| (b) Tangible personal Property | <u>\$55,223</u> |

7. Last year for which exemption may be applied for 2008.

Date: 8/25/2006

Signed: 
Property Appraiser

PTARI FORM

New Employee Listing (6/30/04 -- Present)

| | Name | Address | Department |
|----|---------------------------|---|----------------|
| 1 | Deborah Hollinger | 1243 NW 62nd Lane Miami, Fl 33147 | Alfalfa |
| 2 | Santrese Thompson | 2025 NW 55 Terr Miami, Fl 33142 | Alfalfa |
| 3 | Henry Leon | 14351 SW 52 Street Miami, Fl 33175 | Ship/ Rec |
| 4 | Christine Ramos | 392 Sabur Lane #7 Opa Locka, Fl 33054 | Administration |
| 5 | Joseph Cesar | 200 NW 133 Street Miami, Fl 33168 | Bean Sprouts |
| 6 | Sylvester Givens | 1130 NE 127 St #4 North Miami, Fl 33161 | Bean Sprouts |
| 7 | Timothy Cooley | 8910 NW 20 Ave Miami, Fl 33147 | Bean Sprouts |
| 8 | Rashad Gibbons | 1531 NW 16 Ave #408 Miami, Fl 33125 | Veg. Proc |
| 9 | Juliana Mendes | 51 SW 11th Street Miami, Fl 33130 | Administration |
| 10 | Lorenzo Bethune | 1380 NW 68 Street Miami, Fl 33147 | Ship/ Rec |
| 11 | Lextine Holsey | 1481 NW 103 Street #156 Miami, Fl 33147 | Alfalfa |
| 12 | Markisha McDonald | 2924 NW 132 Terr Opa Locka, Fl 33054 | Veg. Proc |
| 13 | Janelle Blount | 651 NW 73 Street Miami, Fl 33150 | Alfalfa |
| 14 | Tawana Holmes | 2391 NW 63 Street Miami, Fl 33127 | Veg. Proc |
| 15 | Marica Hall | 1260 NW 51 Terr Ct Miami, Fl 33142 | Alfalfa |
| 16 | Quentin Hicks | 5430 W 5th Ave Hialeah, Fl 33012 | Tofu |
| 17 | Joseph Jeanty | 7320 NW Miami Ct Miami, Fl 33150 | Bean Sprouts |
| 18 | Guilene Terminus | 200 NW 133 Street Miami, Fl 33168 | Veg. Proc |
| 19 | Sasha Alarid | 3215 NW 98 Street Miami, Fl 33147 | Veg. Proc |
| 20 | Jean Claude Noel | 15230 NW 135th St Opa Locka, Fl 33054 | Security |
| 21 | William Powell | 6595 NW 17 Ave Miami, Fl 33147 | Ship/ Rec |
| 22 | Yves Savalin | 1115 NW 122 Street Miami, Fl 33168 | Security |
| 23 | Joseph Garapolo | 5400 NW 135th Street Opa Locka, Fl 33054 | Tofu |
| 24 | Rosalyn Allen | 2170 NW 183 Street #A106 Carol City, Fl 33056 | Packaging |
| 25 | Hermana Richardson | 2522 NW 175 Terrace Miami, Fl 33056 | Veg. Proc |
| 26 | Michael Hall | 866 NW 70 Street # D Miami, Fl 33150 | Bean Sprouts |
| 27 | Mauricio Walkay | 20 NW 17 Ct Miami, Fl 33125 | Packaging |
| 28 | Jacqueline Lewis | 1817 NW 41 Street Miami, Fl 33142 | Veg. Proc |
| 29 | Amanda Bradley | 1235 NW 62 Terr Miami, Fl 33147 | Veg. Proc |
| 30 | Janasha Wilson | 2755 NW 42 Street #17 Miami, Fl 33142 | Packaging |
| 31 | William Sejour | 1667 NW 11th Circle Pompano Bch, Fl 33069 | Tofu |
| | Total employees | | 73 |
| | Enterprise zone employees | | 39 |

% Enterprise Zone employees 53%